

March 3, 2006

Dennis Lee
Bingham McHale
2700 Market Tower
10 W Market Street
Indianapolis, IN 46204

RE: CCRG

Dear Mr. Lee:

I am writing to follow up on our telephone conversations and meetings regarding CCRG's proposal to sell its "Claims Paid" policy for use as proof of financial responsibility under Indiana's Medical Malpractice Act. As you know the Department expressed concerns with this policy and its potential to discontinue after a claim has been made. The Department felt that the policy, as originally presented, was not adequate for proof of financial responsibility because there was no obligation on the insurer to continue to cover a claim once it was made; coverage could terminate on that claim by the actions of the insured or the insurer. We discussed this issue at length with CCRG in 2005. In response, CCRG submitted for our review an endorsement to the original policy language, the Indiana PCF Extended Coverage Period Endorsement.

The endorsement obligates CCRG to continue to cover any claim that was made during the policy period even if the insured or CCRG cancels or non-renews the policy after the claim is made. The effect of this endorsement is to convert the "Claims Paid" policy to the equivalent of a Claims Made policy. Claims Made policy forms are very common in the industry and have been accepted by the Department as sufficient for use as proof of financial responsibility under IC 34-18-5-3. The Department does hereby approve CCRG's use of its "Claims Paid" policy as proof of financial responsibility on the condition that the policy includes the Indiana PCF Extended Coverage Period Endorsement. The "Claims Paid" policy without the Indiana PCF Extended Coverage Period Endorsement is NOT approved for use as proof of financial responsibility.

Thank you for your assistance in these matters. If you have any additional questions please feel free to contact me at 232-0143.

Very truly yours,

Amy E. Strati
Chief legal counsel